

# MANUFACTURING EXTENSION PARTNERSHIP

## Success Stories from the Field

### Chipco International

#### Maine Manufacturing Extension Partnership

#### Raymond Company in the Chips Thanks to Maine MEP

##### Client Profile:

The American style poker chip was invented in the early 1900s by the Burt Company of Portland, Maine. Originally a billiard ball manufacturer, the Burt Company quickly found itself a leading manufacturer of poker chips. Today the company is known as CHIPCO International located in Raymond Maine, and enjoys a 25 percent share of the world's poker chip market. CHIPCO employs 50 people and has been located in Raymond, Maine, for almost 20 years. Today, CHIPCO is the parent company of and co-located with Embedtech Industries, Inc.

##### Situation:

The gambling industry has been expanding since 1969 and now boosts gambling venues on every continent and within a three hour drive of every major metropolitan area in North America. However, the square footage set aside for table gaming requiring betting chips, like those made by CHIPCO, is shrinking. Traditional betting games such as black jack, roulette and baccarat require dealers, security and valuable square footage to operate. These are costly additions to gaming opportunities when compared to automated slots. In response to the shrinking market, CHIPCO's major competitors, Paul Son Company, Bud Jones Company and Bourgogne & Grassett, have all merged into Paul Son Gaming Company which now hold almost 80 percent of the worldwide market for chips. Market contraction and production consolidation are classic signs of a declining market. What should CHIPCO do to survive and grow in a declining market dominated by a much larger company?

##### Solution:

CHIPCO hired the Maine Manufacturing Extension Partnership (Maine MEP) to perform a targeted, strategic business and technology assessment of its chip business spawning from the MEP assessment performed with Embedtech Industries. This in-depth business and technology assessment determined that CHIPCO held a strong competitive technology advantage capable of reversing the market share with its main competitor. In other words CHIPCO could go from 20 percent to 80 percent of the world's poker chip market within 24 months. The Maine MEP assessment also provided CHIPCO with important insights into its operations and management capabilities which will require extensive training and staff augmentation as the company rapidly grows. The Maine MEP High Skills Training Program has agreed to support CHIPCO's executive and engineering training efforts.

##### Results:

- \* Embedded RFID inlay inside gaming chip.
- \* Intelligent Chip System introduced as most secure chip in the global market.
- \* Increased revenue by 67 percent in 2004.
- \* Committed \$200,000 for employee training.

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- \* Retained 40 employees.
- \* Hired 16 new technicians.

### **Testimonial:**

"All the pieces were right in front of us. Maine MEP gave us the clarity and focus to put the pieces together. Now we see clearly where CHIPCO is growing and what resources it will take for us to get there fast."

John Kendall, President